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Grace to take \$50 million charge for Libby cleanup

MISSOULA (AP) — W.R. Grace & Co. said it would take a \$50 million third-quarter charge after a federal judge ruled the company owes the government \$54.5 million for asbestos cleanup costs in Libby.

Grace also warned investors that the company could be liable for a total of \$100 million the U.S. Environmental Protection Agency expects to spend in Libby.

The company did not indicate in a statement Thursday whether it would appeal the ruling by U.S. District Judge Donald Molloy.

The EPA sued W.R. Grace & Co. in March 2001, seeking

payment for any cleanup work done that year, just days before the company filed for Chapter 11 bankruptcy.

The filing allowed the agency to stake a claim with the federal bankruptcy court for cleanup costs, but any money Grace pays out is likely to come at a discounted rate set by the court.

The company had \$61 million set aside for the lawsuit and any future claims the EPA might make for the Libby cleanup, according to an August filing with the Securities and Exchange Commission.

In the same report, Grace noted that it had taken a total charge of \$2.5 million in the

first six months of this year to cover legal expenses, mostly related to the EPA lawsuit.

The EPA started work in Libby on an emergency basis after media reports in November 1999 detailed how asbestos contamination had led to the deaths of some people and sickened hundreds of others. The asbestos was a contaminant of vermiculite ore mined there for decades. W.R. Grace & Co. bought the mine in 1963 and closed it in 1990.

Libby has since been declared a Superfund site, and the EPA is currently working on removing asbestos contamination from more than 1,000 homes and businesses.